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FM AMEMBASSY MUSCAT
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9887
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE
RUCPDOC/DEPT OF COMMERCE WASHDC

C O N F I D E N T I A L MUSCAT 000608

SIPDIS

STATE PASS TO USTR MMOWREY, JBUNTIN, AND CHINCKLEY
DOC PASS TO THOFFMAN

E.O. 12958: DECL: 08/25/2018

TAGS: PREL ECON EFIN ETRD MU

SUBJECT: OMANI AMBASSADOR TO DELIVER FTA MESSAGE FROM
SULTAN QABOOS

REF: MUSCAT 593

Classified By: AMBASSADOR GARY A. GRAPPO FOR REASONS 1.4 (B AND D)

¶1. (C) Dr. Salem al-Ismaily, Executive President of the Omani Centre for Investment Promotion and Export Development (OCIPED), informed the Ambassador on August 25 that Sultan Qaboos personally recalled Omani Ambassador to the U.S. Hunaina al-Mughairy to Muscat to provide her with an important message regarding the U.S.-Oman Free Trade Agreement (FTA) for immediate delivery in Washington. According to al-Ismaily, the Sultan's message addresses U.S. concerns on telecommunications regulations and licenses that could further postpone FTA implementation (reftel). Al-Ismaily, who maintains his own communications channel with the Sultan, and the Ambassador have engaged in extensive discussions over the past 3-4 weeks on the telecom issue.

¶2. (C) Comment: Although the issue of telecommunication licensing is not the only outstanding FTA subject requiring resolution, Embassy believes it is the most significant obstacle to overcome. Once resolved, we must carefully consider our approach to other outstanding issues. Due to constrained resources and staffing, and the limited influence of the Ministry of Commerce and Industry over other government entities with FTA-related responsibilities, such as the Ministry of Legal Affairs, sorting out the details and legal wording of all remaining FTA matters will continue to pose a serious bureaucratic and administrative challenge for the Government of Oman.

¶3. (C) Comment (continued) and Recommendation: At this point, and assuming the Omanis provide us with the reassurances necessary on telecommunications licensing, the USG faces two options regarding FTA implementation. We can insist that even the smallest details of the FTA be fully addressed prior to the agreement coming into force, which the Embassy estimates could result in as much as another year of consultations. Alternatively, to make implementation a reality within the next 4-8 weeks, the Embassy strongly encourages USTR to identify and work with post to solve critical and/or primary issues that remain outstanding while the Embassy seeks a firm commitment from the government that it will do everything else required by the FTA within a set time period. This would include at least a verbal pledge from Minister of Commerce and Industry Maqbool bin Ali bin Sultan to address lesser outstanding issues within an agreed time frame

¶4. (C) The fact that the Sultan has again personally interceded in the FTA implementation process, as he did in April/May 2008 following the Ambassador's appeal to advance legislation on Industrial Property Protection and Copyrights, demonstrates his firm resolve to see this through completion.

The Sultan's resolve was earlier shown in unprecedented Royal Decrees that declared that "all that contravenes or

contradicts with (the FTA) shall be inapplicable" (October 2006) and that radically altered Oman's labor laws (July, November 2006). End Comment and Recommendation.

¶5. (C) Note: The Embassy notes that timing of the delivery of the Sultan's message by Ambassador al-Mughairy may be delayed due to her attendance of the Democratic and Republican national conventions. End Note.
GRAPPO